

**ROCKLAND TOWNSHIP**  
**ONTONAGON COUNTY, MICHIGAN**

**AUDITED FINANCIAL STATEMENTS AND**  
**SUPPLEMENTAL FINANCIAL INFORMATION**

**March 31, 2004**



Bruce A Rukkila, CPA, PC

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for the Western Upper Peninsula

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### INDEPENDENT AUDITOR'S REPORT

Honorable Supervisor and Board of Trustees  
Rockland Township  
Rockland, Michigan

We have audited the accompanying general purpose financial statements of the Rockland Township, as of and for the year ended March 31, 2004. These general purpose financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Rockland Township, as of March 31, 2004, and the results of its operations and the cash flows of its proprietary and similar trust fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 2004 on our consideration of the Rockland Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund financial statements listed in the table of contents are presented as supplemental information and are not a required part of the general purpose financial statements of the Rockland Township. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, are fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

*Bruce A. Rukkila, CPA, PC*

Certified Public Accountants

June 9, 2004



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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Honorable Supervisor and Board of Trustees  
Rockland Township  
Rockland, Michigan

We have audited the financial statements of the Rockland Township as of and for the year ended March 31, 2004, and have issued our report thereon dated June 9, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance:**

As part of obtaining reasonable assurance about whether the Rockland Township's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, a noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting:**

In planning and performing our audit, we considered the Rockland Township's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components do not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the audit committee, management and federal awarding agencies, and pass-through entities. However, this report is a matter of public record and its distribution is not limited.

*Bruce A. Rukkila, CPA, PC*  
Certified Public Accountants

June 9, 2004

**ROCKLAND TOWNSHIP**  
**COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS**  
**March 31, 2004**

	Governmental	Fund Types	Proprietary	Fiduciary	Account	Totals
	General	Special	Fund Type	Fund Type	Group	(Memorandum
		Revenue	Enterprise	Agency	General	Only)
					Fixed Assets	
ASSETS AND OTHER DEBITS:						
Cash	\$ 193,743	\$ 58,133	\$ 131,159	\$ -	\$ -	\$ 383,035
Accounts receivable	-	-	9,518	-	-	9,518
Taxes receivable	3,258	1,199	-	-	-	4,457
Due from other funds	3,026	2,882	2,040	-	-	7,948
Investments	74,801	-	-	-	-	74,801
Restricted assets:						
Cash	-	-	17,614	10	-	17,624
Investments	-	-	26,729	-	-	26,729
Fixed assets	-	-	1,882,812	-	444,173	2,326,985
Accumulated depreciation	-	-	(667,016)	-	-	(667,016)
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b>\$ 274,828</b>	<b>\$ 62,214</b>	<b>\$ 1,402,856</b>	<b>\$ 10</b>	<b>\$ 444,173</b>	<b>\$ 2,184,081</b>
LIABILITIES:						
Accounts payable	\$ 1,184	\$ -	\$ 120,521	\$ -	\$ -	\$ 121,705
Due to other funds	4,922	530	2,486	10	-	7,948
Due to other governmental units	584	-	-	-	-	584
Current maturities on bond payable	-	-	5,000	-	-	5,000
Bonds payable - net of current maturities	-	-	184,000	-	-	184,000
<b>TOTAL LIABILITIES</b>	<b>6,690</b>	<b>530</b>	<b>312,007</b>	<b>10</b>	<b>-</b>	<b>319,237</b>
FUND EQUITY AND OTHER CREDITS:						
Contributed capital	-	-	1,079,645	-	-	1,079,645
Investment in general fixed assets	-	-	-	-	444,173	444,173
Fund balance	268,138	61,684	11,204	-	-	341,026
<b>TOTAL FUND EQUITY AND OTHER CREDITS</b>	<b>268,138</b>	<b>61,684</b>	<b>1,090,849</b>	<b>-</b>	<b>444,173</b>	<b>1,864,844</b>
<b>TOTAL LIABILITIES, FUND EQUITY AND OTHER CREDITS</b>	<b>\$ 274,828</b>	<b>\$ 62,214</b>	<b>\$ 1,402,856</b>	<b>\$ 10</b>	<b>\$ 444,173</b>	<b>\$ 2,184,081</b>

The accompanying notes to financial statements are an integral part of this statement.

**ROCKLAND TOWNSHIP**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE**  
**ALL GOVERNMENTAL FUND TYPES**  
**Year Ended March 31, 2004**

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
REVENUES:			
Taxes	\$ 70,158	\$ 26,942	\$ 97,100
State	28,661	-	28,661
Administration and collection fees	6,733	-	6,733
Interest income	3,347	272	3,619
Other	6,896	-	6,896
TOTAL REVENUES	115,795	27,214	143,009
EXPENDITURES:			
Assessor	3,558	-	3,558
Supervisor	5,845	-	5,845
Clerk	5,354	-	5,354
Board of Review	225	-	225
Treasurer	8,198	-	8,198
Township Board	3,644	-	3,644
Town Hall	29,057	-	29,057
Property	21,255	-	21,255
Cemetery	960	-	960
Fire Protection	6,667	-	6,667
Other Activities	2,990	-	2,990
Activity Center	5,557	7,180	12,737
Recreation	203	1,403	1,606
Elections	252	-	252
Roads and Streets	11,146	6,200	17,346
TOTAL EXPENDITURES	104,911	14,783	119,694
EXCESS OF REVENUES OVER EXPENDITURES	10,884	12,431	23,315
FUND BALANCE, BEGINNING OF YEAR	257,254	49,253	306,507
FUND BALANCE, END OF YEAR	\$ 268,138	\$ 61,684	\$ 329,822

The accompanying notes to financial statements are an integral part of this statement.

**ROCKLAND TOWNSHIP**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE-BUDGET AND ACTUAL**  
**GENERAL AND SPECIAL REVENUE FUNDS**  
**Year Ended March 31, 2004**

	General			Special Revenue		
	Budget	Actual	Variance-Favorable (Unfavorable)	Budget	Actual	Variance-Favorable (Unfavorable)
REVENUES:						
Taxes	\$ 68,800	\$ 70,158	\$ 1,358	\$ -	\$ 26,942	\$ 26,942
State	32,500	28,661	(3,839)	-	-	-
Administration and collection fees	3,500	6,733	3,233	-	-	-
Interest income	6,500	3,347	(3,153)	-	272	272
Other	8,950	6,896	(2,054)	-	-	-
TOTAL REVENUES	120,250	115,795	(4,455)	-	27,214	27,214
EXPENDITURES:						
Assessor	3,800	3,558	242	-	-	-
Supervisor	6,500	5,845	655	-	-	-
Clerk	6,500	5,354	1,146	-	-	-
Board of Review	400	225	175	-	-	-
Treasurer	8,500	8,198	302	-	-	-
Township Board	10,000	3,644	6,356	-	-	-
Town Hall	15,000	29,057	(14,057)	-	-	-
Property	30,000	21,255	8,745	-	-	-
Cemetery	2,500	960	1,540	-	-	-
Fire Protection	11,000	6,667	4,333	-	-	-
Other Activities	7,500	2,990	4,510	-	-	-
Activity Center	6,000	5,557	443	-	7,180	(7,180)
Recreation	-	203	(203)	-	1,403	(1,403)
Elections	1,000	252	748	-	-	-
Recreation	1,000	-	1,000	-	-	-
Roads and Streets	11,500	11,146	354	-	6,200	(6,200)
TOTAL EXPENDITURES	121,200	104,911	16,289	-	14,783	(14,783)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ (950)	10,884	\$ 11,834	\$ -	12,431	\$ 12,431
FUND BALANCE, BEGINNING OF YEAR		257,254			49,253	
FUND BALANCE(DEFICIT), END OF YEAR		\$ 268,138			\$ 61,684	

The accompanying notes to financial statements are an integral part of this statement.

**ROCKLAND TOWNSHIP**  
**COMBINED STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN RETAINED EARNINGS**  
**ALL PROPRIETARY FUND TYPES**  
**Year Ended March 31, 2004**

	Proprietary Fund Type
	<u>Enterprise</u>
OPERATING REVENUES:	
Charges for services	\$ 55,593
Other	1,885
	<u>57,478</u>
TOTAL OPERATING REVENUES	
	<u>57,478</u>
EXPENSES:	
Salaries	7,242
Payroll taxes	312
Supplies, materials and other	674
Office supplies	671
Utilities	12,602
Insurance	75
Travel expenses	40
Repairs and maintenance	2,515
Professional services	62,163
Depreciation	36,051
Miscellaneous	50
	<u>122,395</u>
TOTAL EXPENSES	
	<u>122,395</u>
OPERATING INCOME(LOSS)	(64,917)
NON-OPERATING REVENUES (EXPENSES):	
Interest income	1,393
Interest expense	(15,715)
	<u>(14,322)</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	
	<u>(14,322)</u>
NET INCOME(LOSS)	(79,239)
RETAINED EARNINGS, BEGINNING OF YEAR	58,843
ADJUSTMENTS TO FUND EQUITY:	
Depreciation on contributed capital	31,600
	<u>31,600</u>
RETAINED EARNINGS, END OF YEAR	<u><u>\$ 11,204</u></u>

The accompanying notes to financial statements are an integral part of this statement.

**ROCKLAND TOWNSHIP**  
**COMBINED STATEMENT OF CASH FLOWS**  
**ALL PROPRIETARY FUND TYPES**  
**Year ended March 31, 2004**

	Proprietary Fund Type
	<u>Enterprise</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating Income (Loss)	\$ (64,917)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation	36,051
(Increase) Decrease in accounts receivable	476
(Increase) Decrease in due from other funds	(1,241)
Increase (Decrease) in accounts payable	60,069
Increase (Decrease) in due to other funds	(373)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>30,065</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Reductions of long-term debt	(5,000)
Interest paid on long-term debt	(15,715)
Purchase of fixed assets	(2,817)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(23,532)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest on investments and deposits	1,393
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>1,393</u>
NET DECREASE IN CASH AND RESTRICTED CASH	<u>7,926</u>
CASH AND RESTRICTED CASH, MARCH 31, 2003	167,576
CASH AND RESTRICTED CASH, MARCH 31, 2004	<u><u>\$ 175,502</u></u>

The accompanying notes to financial statements are an integral part of this statement.



**ROCKLAND TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2004**

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Rockland Township is located in Ontonagon County, Michigan. The Township operates under an elected Board of Trustees (five members, including the Township Supervisor, Township Clerk, Township Treasurer, and two trustees) and provides services to a population of approximately 325 Township residents.

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Rockland Township conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

**THE FINANCIAL REPORTING ENTITY**

As required by generally accepted accounting principles, the financial statements of Rockland Township contain all of the Township funds. There are no other governmental units within the Township that are controlled by or dependent upon the Township's Board of Trustees. Control by or dependence on the Township was determined on the basis of appointment of the governing body or governing authority budget adoption, taxing authority, outstanding debt secured by revenues or general obligations of the Township, obligation of the Township to finance any deficits that may occur, surplus funds, and scope of public service.

**FUND ACCOUNTING**

The accounts of the Township are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent, and the means by which spending activities are controlled. The various funds are grouped in the financial statements into three broad fund categories and five generic fund types as follows:

**GOVERNMENTAL FUND TYPES**

**General Fund**

The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

**Special Revenue Funds**

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specific purposes. The Road and Street, Recreation, Activity Center, and Liquor Law Enforcement Funds are special revenue type funds.

**ROCKLAND TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2004**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**PROPRIETARY FUND TYPES**

**Enterprise Funds**

Enterprise Funds are used to account for operations, (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Water and Sewer Funds are enterprise type funds.

**FIDUCIARY FUND TYPES**

**Trust and Agency Funds**

Trust and Agency Funds are used to account for assets held by the Township in trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**FIXED ASSETS**

The accounting and reporting treatment applied to the fixed assets is associated with a fund and is determined by its measurement focus. All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets (expendable available financial resources) are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of "available spendable resources." Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, rather than in governmental funds. Public domain (infrastructure) general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are not capitalized along with other general fixed assets. All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated.

The General Fixed Assets Account Group is not a "fund." Its purpose is related only to the measurement of financial position. It is not involved with measurement of results of operations.

All proprietary funds are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or non-current) associated with their activity are included on their balance sheets. Their reported fund equity (net total assets) is segregated into contributed capital and retained earnings components. Operating statements of proprietary fund types present increases (revenues) and decreases (expenses) in net total assets.

**ROCKLAND TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2004**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided using the straight-line method and the following estimated useful lives:

Sewer and Water Systems	50 years
Machinery and Equipment	7-20 years

**BASIS OF ACCOUNTING**

The basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. The basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds and agency funds are accounted for using the modified accrual basis. Revenues are recognized when they become both measurable and available to finance expenditures of the current period. Significant revenues susceptible to accrual include payments in lieu of taxes, state and federal sources, and intergovernmental revenues. Other revenue sources such as licenses, permits, charges for services, sales, fees, fines, rentals, and others are recorded as revenues when received in cash because they are generally not measurable until actually received. Investment earnings are not accrued in the governmental fund types and Agency Funds.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred with certain exceptions such as interest on long-term debt which is generally recognized when due.

All proprietary funds are accounted for using the accrual basis of accounting. Under the accrual basis, revenues are recognized when they are earned, and expenses are recognized when incurred.

The Trust and Agency Fund is accounted for on the basis of cash receipts and cash disbursements.

**BUDGETARY DATA**

The Township follows these procedures in establishing the budgetary data:

- a. Prior to April 1, the Township Supervisor prepares and submits a proposed operating budget for the fiscal year commencing the following April 1, to the Township Board of Trustees at a regular meeting.
- b. The Township Board of Trustees reviews the proposed budget, which includes proposed expenditures and the means of financing them.
- c. Pursuant to statute, the proposed budget as approved by the Board of Trustees, is submitted to the Township at a public hearing, at which time public comment is invited. The final budget is formally adopted at the next board meeting.
- d. The Board of Trustees reviews the budget quarterly during the fiscal year and makes formal amendments when appropriate.
- e. Budget appropriations lapse at the end of the fiscal year.

**ROCKLAND TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2004**

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**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**PROPERTY TAXES**

Property taxes are levied on assessed values of property located in the Township and become an enforceable lien on the property. Assessed values are established annually (the first Monday in March) and equalized by the State. Township property taxes are levied on December 1, and are payable without penalty through the following February 28. Property taxes are recognized as revenue in the year for which levied, in accordance with NCGA Interpretation 3 (Revenue Recognition - Property Taxes).

The Township collects its own property taxes, and also collects property taxes for the County and School District within its jurisdiction. Collections and remittances of all property taxes are accounted for in the Trust and Agency Fund.

**TOTAL COLUMNS ON COMBINED BALANCE SHEETS - ALL FUNDS**

The total columns on the combined statements of this report are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in this column does not present financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation which requires that inter-fund eliminations be made in the aggregation of this data.

The 2003 taxable valuation of the Township amounted to \$15,817,153 on which ad valorem taxes of \$63,030 were levied for Township operating purposes (3.9849 mills), \$15,763 for Township roads (.9966) and \$7,882 for Activity Center (.4983). These amounts are recorded as revenue on the Township's records in and for the fiscal year ending March 31, 2004.

**CASH**

For the purpose of the statement of cash flows, cash is defined as checking, money market, certificates of deposits, and savings accounts.

**INVESTMENTS**

Investments consist of certificates of deposit held at various banks and United States Government Securities. For the year ended March 31, 2004, the investments account has been added to the balance sheets of all fund types, representing various certificates of deposit that have a maturity in excess of 90 days. Certificates of deposits with a maturity of 90 days or less at the date of purchase are classified as cash on the balance sheets of all fund types.

**INVENTORY**

Inventory has not been recognized in any of the funds.

**ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**ROCKLAND TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2004**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**ENCUMBRANCES**

Encumbrances are defined as commitments related to unperformed contracts for goods and services. The Township does not record encumbrances in the normal course of operating its accounting system and none are recorded in the accompanying financial statements.

**NOTE B - CASH AND INVESTMENTS**

At March 31, 2004 the book value of the Township's demand deposits consisting primarily of certificates of deposit and other cash equivalents, was \$502,189 with a corresponding bank balance of \$502,350. Qualifying deposits are insured by the Federal Deposit Insurance Corporation up to \$100,000. Of the bank balance, approximately \$341,536 representing approximately 68 of the Township's deposits, was covered by the Federal Depository Insurance. Michigan law does not require collateralization of government deposits, therefore, only the \$341,536 was insured and \$160,814 was neither insured nor collateralized.

**NOTE C - PROPERTY, PLANT AND EQUIPMENT**

A summary of the changes in the property, plant and equipment is as follows:

**General Fixed Assets Account Group**

	Balance 03/31/03	Additions	Subtractions	Balance 03/31/04
Land and improvements	\$ 33,010	\$ 0	\$ 0	\$ 33,010
Buildings & improvements	313,087	17,843	0	330,930
Machinery & equipment	25,595	0	0	25,595
Vehicles	35,000	0	0	35,000
Other furniture & equipment	19,638	0	0	19,638
	<u>\$ 426,330</u>	<u>\$ 17,843</u>	<u>\$ 0</u>	<u>\$ 444,173</u>

**Enterprise Funds**

	Balance 03/31/03	Additions	Subtractions	Balance 03/31/04
<b><u>Sewer Fund</u></b>				
Land	\$ 7,891	\$ 0	\$ 0	\$ 7,891
Sewer System	863,216	0	0	863,216
Lagoon	525,841	0	0	525,841
Equipment	97,047	0	0	97,047
	<u>\$ 1,493,995</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,493,995</u>
<b><u>Water Fund</u></b>				
Land	\$ 9,000	\$ 0	\$ 0	\$ 9,000
Water System	375,000	0	0	375,000
Equipment	2,000	2,817	0	4,817
	<u>\$ 386,000</u>	<u>\$ 2,817</u>	<u>\$ 0</u>	<u>\$ 388,817</u>

**ROCKLAND TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2004**

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**NOTE D - INTER-FUND RECEIVABLES AND PAYABLES**

The amounts of inter-fund receivables and payables at March 31, 2004 are as follows:

	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 3,026	\$ 4,922
Road and Street Fund	0	530
Activity Fund	1,682	0
Liquor Law Enforcement	1,200	0
Sewer Fund	0	2,486
Water Fund	2,040	0
Trust and Agency Fund	0	10
Totals	<u>\$ 7,948</u>	<u>\$ 7,948</u>

**NOTE E - LONG-TERM DEBT**

**Sewer Bonds**

Revenue bonds payable in the Sewer Fund were issued in 1984 for the purpose of defraying part of the cost of wastewater disposal and sewer improvements in portions of Rockland Township. Repayment of the bonds is being made through sewer hook up fees and monthly charges to users of the sewer system.

Sewage Disposal System Revenue Bonds, were issued for \$240,000 dated March 1, 1984, mature annually as scheduled below and bear interest at 5% per annum.

Principal installments of these bonds are subject to prepayment prior to maturity, in inverse chronological order, at the Issuer's option, on any interest payment date on or after October 1, 1991, at par and accrued interest to the date fixed for prepayment.

**ROCKLAND TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2004**

**NOTE E - LONG-TERM DEBT (Continued)**

The payment schedule for the bonds is as follows:

**SCHEDULE OF SEWAGE DISPOSAL SYSTEM #3 BONDS**

**ORIGINAL ISSUE**

March 31, 2004

Fiscal Year Ending	September 1 Interest	March 1 Interest	March 1 Principal	Total
2004-2005	\$ 4,725	\$ 4,725	\$ 5,000	\$ 14,450
2005-2006	4,600	4,600	6,000	15,200
2006-2007	4,450	4,450	6,000	14,900
2007-2008	4,300	4,300	6,000	14,600
2008-2009	4,150	4,150	7,000	15,300
2009-2010	3,975	3,975	7,000	14,950
2010-2011	3,800	3,800	8,000	15,600
2011-2012	3,600	3,600	8,000	15,200
2012-2013	3,400	3,400	8,000	14,800
2013-2014	3,200	3,200	9,000	15,400
2014-2015	2,975	2,975	9,000	14,950
2015-2016	2,750	2,750	10,000	15,500
2016-2017	2,500	2,500	10,000	15,000
2017-2018	2,250	2,250	11,000	18,900
2018-2019	1,975	1,975	12,000	15,950
2019-2024	5,150	5,150	67,000	77,300
TOTAL	<u>\$ 57,800</u>	<u>\$ 57,800</u>	<u>\$ 189,000</u>	<u>\$ 308,000</u>

The following is a summary of the changes in long-term debt principal for the year ended March 31, 2004:

	Balance 03/31/03	Additions	Reductions	Balance 03/31/04
<u>Enterprise</u>				
Sewer Fund	<u>\$ 194,000</u>	<u>\$ 0</u>	<u>\$ 5,000</u>	<u>\$ 189,000</u>

**NOTE F - BOND PAYMENT AND RESERVE REQUIREMENTS**

**BOND AND INTEREST REDEMPTION ACCOUNT**

The 1984 Sewer Disposal System Revenue Bond requires that the Township set aside each quarter on or after April 1, an amount not less than ½ of the amount of interest due on the next interest payment and ¼ of the amount of principal due on the next principal payment date.

**ROCKLAND TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2004**

**NOTE F - BOND PAYMENT AND RESERVE REQUIREMENTS (Continued)**

**BOND RESERVE ACCOUNT**

The 1984 Sewer Disposal System Revenue Bond requires that the Township deposit \$375 per quarter into a bond reserve account to be used for payment on the bonds in the event of default.

**GENERAL PURPOSE ACCOUNT**

The 1989 Sewer Disposal System Revenue Bond requires that the Township set up a General Purpose Account after the transfers required in the Bond and Interest Redemption and Bond Reserve Accounts.

The Township has established several accounts as Sewer Fund Reserves, for the Bond Reserve and General Purpose Accounts, these amounts are presented on the Combined Balance Sheet as restricted assets.

The following schedule details the Bond Payment and Reserve Requirements:

<u>Account</u>	<u>Amount</u>
Bond and Interest Redemption	\$ 7,400
Bond Reserve	8,250
General Purpose	8,250
Total bond reserve required amount	23,900
Reserved cash and investments	44,343
Excess at March 31, 2004	<u>\$ 20,443</u>

**NOTE G - SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

The Township maintained an Enterprise Fund which provided sewer services. Segment information for the year ended March 31, 2004 is as follows:

The Township maintained four Enterprise Funds which provided water and sewer services. Segment information for the year ended December 31, 2003 is as follows:

	<u>Sewer Fund</u>	<u>Water Fund</u>
Operating Revenues	\$18,709	\$38,769
Depreciation	\$28,281	\$7,770
Operating Income (Loss)	(\$13,168)	(\$51,749)
Non-Operating Revenue (Expense)	(\$8,654)	(\$5,668)
Net Income (Loss)	(\$21,822)	(\$57,417)
Property, Plant, and Equipment:		
Additions	\$0	\$2,817
Net Working Capital (Deficit)	(\$71,308)	(\$56,598)
Total Assets	\$1,009,411	\$393,445
Total Equity	\$817,925	\$272,924



**ROCKLAND TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2004**

**NOTE H - CONTRIBUTED CAPITAL**

Contributed capital consisted of the following:

	SEWER	WATER	TOTAL
U.S. Environmental Protection Agency	\$ 890,809	\$ 0	\$ 890,809
U.S. Department of Agriculture-Rural Development	263,900	0	263,900
State of Michigan-Department of Natural Resources	59,387	0	59,387
State of Michigan Block Grant	73,000	384,000	457,000
Township Investment	1,682	0	1,682
	<u>1,288,778</u>	<u>384,000</u>	<u>1,672,778</u>
Less amount amortized into operations:			
Prior amortization	(509,693)	(51,840)	(561,533)
Current amortization	(23,920)	(7,680)	(31,600)
Total accumulated amortization	<u>(533,613)</u>	<u>(59,520)</u>	<u>(593,133)</u>
NET CONTRIBUTED CAPITAL	<u>\$ 755,165</u>	<u>\$ 324,480</u>	<u>\$ 1,079,645</u>

**NOTE I - BUDGET OVER EXPENDITURES**

P.A. 621 of 1978, Section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Township's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets of the Township for these budgetary funds were adopted to the activity level.

During the year ended March 31, 2004, the Township incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

Fund	Total Appropriations	Amount of Expenditures	Budget Variances
General Fund			
Town Hall	\$15,000	\$29,057	(\$14,057)
Recreation	\$0	\$203	(\$203)
Activity Fund	\$0	\$7,180	(\$7,180)
Recreation Fund	\$0	\$1,403	(\$1,403)
Roads and Streets Fund	\$0	\$6,200	(\$6,200)

**NOTE J - CONTINGENT LIABILITIES**

The Township is in the process of obtaining grant and loan funding assistance from the U.S. Department of Agriculture - Rural Development for water system improvements. The total estimated cost of the project is \$1,315,000, with \$894,000 being paid for with grant money and \$421,000 being paid for with a loan.

**ROCKLAND TOWNSHIP**  
**NOTES TO FINANCIAL STATEMENTS**  
**March 31, 2004**

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**NOTE K - RISK MANAGEMENT**

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Township continues to carry commercial insurance for property, liability, wrongful acts, crime inland marine, and other risks of loss including worker's compensation and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**SUPPLEMENTAL FINANCIAL INFORMATION**

**ROCKLAND TOWNSHIP**  
**GENERAL FUND**  
**DETAILED STATEMENTS OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE**  
**Year Ended March 31, 2004**

	2004
REVENUES:	
TAXES:	
Payments in lieu of tax (PILT)	\$ 7,128
Property tax	63,030
Total taxes	70,158
STATE:	
State shared revenues	24,465
Commercial Forest Reserve (CFR)	4,196
Total state	28,661
ADMINISTRATION AND COLLECTION FEES	6,733
INTEREST	3,347
OTHER:	
Rents and royalties	103
Non-business license and permits	5,072
Reimbursements	252
Miscellaneous	1,469
Total other	6,896
TOTAL REVENUES	115,795
EXPENDITURES:	
ASSESSOR:	
Salaries	3,438
Office supplies	120
Total assessor	3,558
SUPERVISOR:	
Salaries	5,760
Office supplies	85
Total supervisor	5,845
CLERK:	
Salaries	5,280
Office supplies	74
Total clerk	5,354

**ROCKLAND TOWNSHIP**  
**GENERAL FUND**  
**DETAILED STATEMENTS OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - CONTINUED**  
**Year Ended March 31, 2004**

	2004
EXPENDITURES (Continued):	
BOARD OF REVIEW:	
Printing and publishing	23
Professional services	202
Total board of review	225
TREASURER:	
Salaries	5,280
Office supplies	780
Travel expenses	338
Professional services	1,800
Total treasurer	8,198
TOWNSHIP BOARD:	
Salaries	1,200
Fees	280
Supplies, materials and other	257
Office supplies	690
Printing and publishing	417
Professional services	800
Total township board	3,644
TOWN HALL:	
Salaries	1,500
Supplies, materials and other	2,932
Utilities	5,825
Repairs and maintenance	18,800
Total town hall	29,057
PROPERTY:	
Salaries	4,385
Supplies, materials and other	2,085
Insurance	12,457
Repairs and maintenance	1,044
Professional services	845
Miscellaneous	439
Total property	21,255

**ROCKLAND TOWNSHIP**  
**GENERAL FUND**  
**DETAILED STATEMENTS OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - CONTINUED**  
**Year Ended March 31, 2004**

EXPENDITURES (Continued):	2004
CEMETERY:	
Supplies, materials and other	960
FIRE PROTECTION:	
Fees	45
Supplies, materials and other	2,358
Utilities	3,023
Insurance	540
Repairs and maintenance	701
Total fire protection	6,667
OTHER ACTIVITIES:	
Payroll taxes	2,637
Administration	353
Total other activities	2,990
ACTIVITY CENTER:	
Utilities	4,977
Repairs and maintenance	580
Total activity center	5,557
RECREATION:	
Utilities	203
ELECTIONS:	
Supplies, materials and other	252
ROADS AND REPAIRS:	
Street lights	11,146
TOTAL EXPENDITURES	104,911
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	10,884
FUND BALANCE, BEGINNING OF YEAR	257,254
FUND BALANCE, END OF YEAR	\$ 268,138

**ROCKLAND TOWNSHIP**  
**SPECIAL REVENUE FUNDS**  
**COMBINING BALANCE SHEET**  
**March 31, 2004**

	Road and Street	Recreation	Activity Center	Liquor Law Enforcement	Total (Memorandum Only)
<b>ASSETS:</b>					
Cash	\$ 42,796	\$ 6,233	\$ 9,104	\$ -	\$ 58,133
Taxes receivable	799	-	400	-	1,199
Due from other funds	-	-	1,682	1,200	2,882
<b>TOTAL ASSETS</b>	<b>\$ 43,595</b>	<b>\$ 6,233</b>	<b>\$ 11,186</b>	<b>\$ 1,200</b>	<b>\$ 62,214</b>
<b>LIABILITIES:</b>					
Due to other funds	\$ 530	-	-	-	\$ 530
<b>FUND EQUITY:</b>					
Fund balance	43,065	6,233	11,186	1,200	61,684
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 43,595</b>	<b>\$ 6,233</b>	<b>\$ 11,186</b>	<b>\$ 1,200</b>	<b>\$ 62,214</b>

**ROCKLAND TOWNSHIP**  
**SPECIAL REVENUE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE**  
**Year Ended March 31, 2004**

	Road and Street	Recreation	Activity Center	Liquor Law Enforcement	Totals (Memorandum Only)
REVENUES:					
Taxes	\$ 17,961	\$ -	\$ 8,981	\$ -	\$ 26,942
Interest income	169	48	55	-	272
TOTAL REVENUES	18,130	48	9,036	-	27,214
EXPENDITURES:					
Salaries	-	-	7,180	-	7,180
Supplies, materials and other	-	1,403	-	-	1,403
Repairs and maintenance	6,200	-	-	-	6,200
TOTAL EXPENDITURES	6,200	1,403	7,180	-	14,783
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	11,930	(1,355)	1,856	-	12,431
FUND BALANCE, BEGINNING OF YEAR	31,135	7,588	9,330	1,200	49,253
FUND BALANCE, END OF YEAR	\$ 43,065	\$ 6,233	\$ 11,186	\$ 1,200	\$ 61,684



**ROCKLAND TOWNSHIP**  
**ENTERPRISE FUNDS**  
**COMBINING BALANCE SHEET**  
**March 31, 2004**

	Sewer	Water	Total (Memorandum Only)
<b>ASSETS:</b>			
Current assets:			
Cash	\$ 74,457	\$ 56,702	\$ 131,159
Accounts receivable	4,337	5,181	9,518
Due from other funds	-	2,040	2,040
Total current assets	78,794	63,923	142,717
Restricted assets:			
Cash	17,614	-	17,614
Investments	26,729	-	26,729
Total restricted assets	44,343	-	44,343
General fixed assets:			
Fixed assets	1,493,995	388,817	1,882,812
Accumulated depreciation	(607,721)	(59,295)	(667,016)
Total general fixed assets	886,274	329,522	1,215,796
<b>TOTAL ASSETS</b>	<b>\$ 1,009,411</b>	<b>\$ 393,445</b>	<b>\$ 1,402,856</b>
<b>LIABILITIES:</b>			
Current liabilities:			
Accounts payable	\$ -	\$ 120,521	\$ 120,521
Due to other funds	2,486	-	2,486
Current maturities on bond payable	5,000	-	5,000
Total current liabilities	7,486	120,521	128,007
Long-term liabilities:			
Bonds payable - net of current maturities	184,000	-	184,000
<b>TOTAL LIABILITIES</b>	<b>191,486</b>	<b>120,521</b>	<b>312,007</b>
<b>FUND EQUITY:</b>			
Contributed capital	755,165	324,480	1,079,645
Fund balance	62,760	(51,556)	11,204
<b>TOTAL FUND EQUITY</b>	<b>817,925</b>	<b>272,924</b>	<b>1,090,849</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 1,009,411</b>	<b>\$ 393,445</b>	<b>\$ 1,402,856</b>

**ROCKLAND TOWNSHIP**  
**ENTERPRISE FUNDS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND**  
**CHANGES IN RETAINED EARNINGS**  
**Year Ended March 31, 2004**

	Sewer	Water	Total (Memorandum Only)
OPERATING REVENUES:			
Charges for services	\$ 18,336	\$ 37,257	\$ 55,593
Other	373	1,512	1,885
TOTAL OPERATING REVENUES	18,709	38,769	57,478
EXPENSES:			
Salaries	2,093	5,149	7,242
Payroll taxes	98	214	312
Supplies, materials and other	276	398	674
Office supplies	329	342	671
Utilities	-	12,602	12,602
Insurance	75	-	75
Travel expenses	-	40	40
Repairs and maintenance	68	2,447	2,515
Professional services	657	61,506	62,163
Depreciation	28,281	7,770	36,051
Miscellaneous	-	50	50
TOTAL EXPENSES	31,877	90,518	122,395
OPERATING INCOME(LOSS)	(13,168)	(51,749)	(64,917)
NON-OPERATING REVENUES (EXPENSES):			
Interest income	1,046	347	1,393
Interest expense	(9,700)	(6,015)	(15,715)
TOTAL NON-OPERATING REVENUES (EXPENSES)	(8,654)	(5,668)	(14,322)
NET INCOME(LOSS)	(21,822)	(57,417)	(79,239)
RETAINED EARNINGS(DEFICIT), BEGINNING OF YEAR	60,662	(1,819)	58,843
ADJUSTMENTS TO FUND EQUITY:			
Depreciation on contributed capital	23,920	7,680	31,600
RETAINED EARNINGS(DEFICIT), END OF YEAR	\$ 62,760	\$ (51,556)	\$ 11,204

**ROCKLAND TOWNSHIP**  
**ENTERPRISE FUNDS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**Year Ended March 31, 2004**

	Sewer	Water	Totals (Memorandum Only)
RECONCILIATION OF OPERATING INCOME TO			
NET CASH PROVIDED BY OPERATING ACTIVITIES:			
Operating Income (Loss)	\$ (13,168)	\$ (51,749)	\$ (64,917)
Adjustments to Reconcile Operating Income to Net Cash			
Provided by Operating Activities			
Depreciation	28,281	7,770	36,051
(Increase) Decrease in accounts receivable	(565)	1,041	476
(Increase) Decrease in due from other funds	-	(1,241)	(1,241)
Increase (Decrease) in accounts payable	-	60,069	60,069
Increase (Decrease) in due to other funds	(373)	-	(373)
NET CASH PROVIDED BY OPERATING ACTIVITIES	14,175	15,890	30,065
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Reductions of long-term debt	(5,000)	-	(5,000)
Interest paid	(9,700)	(6,015)	(15,715)
Purchase of fixed assets	-	(2,817)	(2,817)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(14,700)	(8,832)	(23,532)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest on investments and deposits	1,046	347	1,393
NET CASH PROVIDED BY INVESTING ACTIVITIES	1,046	347	1,393
NET DECREASE IN CASH AND RESTRICTED CASH	521	7,405	7,926
CASH AND RESTRICTED CASH, MARCH 31, 2003	118,279	49,297	167,576
CASH AND RESTRICTED CASH, MARCH 31, 2004	\$ 118,800	\$ 56,702	\$ 175,502

**ROCKLAND TOWNSHIP**  
**FIDUCIARY FUND TYPES**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**March 31, 2004**

**TAX COLLECTION FUND**

	<u>Balance</u> <u>3/31/03</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>3/31/04</u>
ASSETS				
Cash	\$ -	\$ 630,658	\$ 630,658	\$ -
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 630,658</u>	<u>\$ 630,658</u>	<u>\$ -</u>
LIABILITIES				
Due to other funds	\$ -	\$ 87,841	\$ 87,841	\$ -
Due to other governmental units	-	<u>542,817</u>	<u>542,817</u>	-
TOTAL LIABILITIES	<u>\$ -</u>	<u>\$ 630,658</u>	<u>\$ 630,658</u>	<u>\$ -</u>

**TRUST AND AGENCY FUND**

	<u>Balance</u> <u>3/31/03</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>3/31/04</u>
ASSETS				
Cash	\$ 10	\$ 1,309	\$ 1,309	\$ 10
TOTAL ASSETS	<u>\$ 10</u>	<u>\$ 1,309</u>	<u>\$ 1,309</u>	<u>\$ 10</u>
LIABILITIES				
Due to other funds	\$ 10	\$ 735	\$ 735	\$ 10
Due to other governmental units	-	<u>574</u>	<u>574</u>	-
TOTAL LIABILITIES	<u>\$ 10</u>	<u>\$ 1,309</u>	<u>\$ 1,309</u>	<u>\$ 10</u>



**Bruce A Rukkila, CPA, PC**

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## LETTER OF COMMENTS AND RECOMMENDATIONS

Honorable Supervisor and Board of Trustees  
Rockland Township  
Rockland, Michigan

We have audited the general purpose financial statements of Rockland Township, for the year ended March 31, 2004, and have issued our report thereon dated June 9, 2004. As part of our audit, we made a study and evaluation of the Township's internal control structure only to the extent we considered necessary as required by generally accepted auditing standards.

Under generally accepted auditing standards, the purpose of an evaluation of the internal control structure is to establish a basis for reliance on the system in determining the nature, timing and extent of other auditing procedures and to assist in planning and performing the audit. Our audit would not necessarily disclose all weaknesses in the system because it was based on selective tests of accounting records and related data.

The following suggestions are submitted to assist in improving procedures and controls.

### Insured Deposits

We noted approximately sixty-eight (68%) of the Township's deposits are insured by the Federal Deposit Insurance Corporation (FDIC). We recommend that deposits be extended to various financial institutions to decrease the risk of loss to the Township.

### Budget Over Expenditures

Comparing actual to budgeted expenditures shows that over expenditures have occurred. P.A. 621 of 1978, section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated. Over expenditures occurred in the General, Activity, Recreation, and Roads and Street Funds:

<u>Fund</u>	<u>Total Appropriations</u>	<u>Amount of Expenditures</u>	<u>Budget Variances</u>
General Fund			
Town Hall	\$15,000	\$29,057	(\$14,057)
Recreation	\$0	\$203	(\$203)
Activity Fund	\$0	\$7,180	(\$7,180)
Recreation Fund	\$0	\$1,403	(\$1,403)
Roads and Streets Fund	\$0	\$6,200	(\$6,200)

We recommend that timely revisions be made to the budget appropriations so that these over expenditures do not occur in the future.

## Board Minutes Documentation

At the first meeting of the year, authorization of the Township's public depositories (banks), attorney, auditors, and insurance company should be done and noted in the minutes. At the same time, check signers should be authorized and noted in the minutes.

It is also important, when adopting or amending the budget, to state the total revenues and expenditures approved and attach a signed copy of the budget to those minutes.

## GASB 34

Michigan Department of Treasury will require financial statements to follow Governmental Accounting Standards Board Statement No. 34 (GASB 34). One of the major changes GASB 34 requires is that government-wide financial statements will be prepared using full accrual accounting. This change will require townships to place a value on all capital assets, calculate depreciation, record offsetting long-term debt, and report information regarding the net value of assets on the government-wide financial statements. Although the implementation of GASB 34 is not required until financial statements for fiscal year March 31, 2005, implementation affects the first date of that fiscal year.

We would like to thank the staff for the excellent cooperation we received during our audit. We appreciate the opportunity to present the above suggestions and are prepared to discuss them at your convenience.

*Bruce A. Rukkila, CPA, PC*  
Certified Public Accountants

June 9, 2004